



With the Customer in Mind: Becoming Strategic With Robotic Process Automation

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Strategy seeks to answer three fundamental long-term questions for the organization: Where are we now? Where do we want to be/must we be? And how do we get there? Enter robotic process automation (RPA). Dismissed all too readily as “quick win” software for patching up legacy systems’ technologies and processes, RPA is now being used as a robust, flexible platform for building the new digital world, and achieving triple wins for shareholders, customers and employees alike. **In researching our new book, *Becoming Strategic With Robotic Process Automation*, we identified seven RPA strategic-performer attributes. Six are well supported by the evidence. The seventh—focusing on total value of ownership (TVO)—is the subject of ongoing research.**

#1 Strategy vs. Operational Quick Wins

Leading companies observe a fundamental rule: Business strategy drives RPA investments. For RPA, this did not necessarily happen immediately. RPA historically has been seen as a tactical, quick-win tool to achieve business benefits and bypass the IT work queue. Many RPA tools, set up with precisely this aim in mind, inherit design limitations when clients attempt to scale to achieve bigger business goals. Moving from a tactical cost focus to multifaceted strategic impacts follows a typical pattern (Figure 1). Many RPA users move, sometimes painfully, through Phases 1 and 2 to get to Phase 3. Pioneers like Telefónica O2, RWE npower, Barclays Bank, Nielsen, Mars and ADP matured their own strategic understanding over time and now operate with Phase 3 and 4 mindsets.

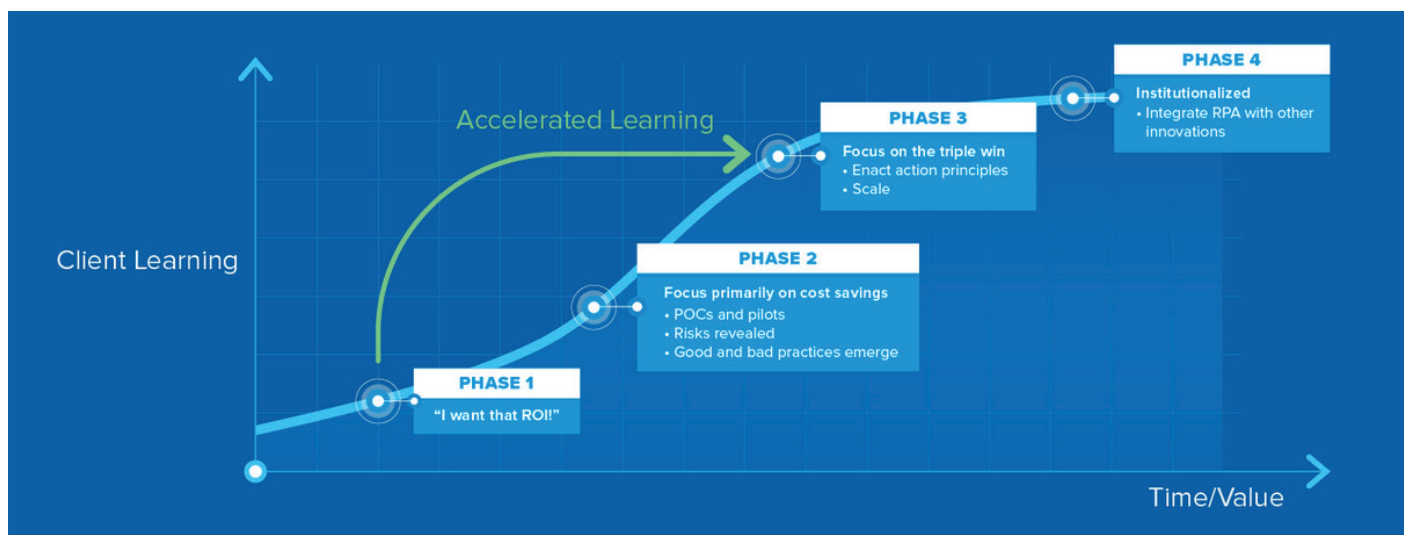


Figure: 1

Client experiences and our knowledge built up over the past four years now allow companies like Bank of New York Mellon (BNY Mellon), beginning its journey in early 2016, to accelerate its learning and kick-start at Phase 3. Even by mid-2017, the company had more than 200 robots in production and had automated more than 100 processes.

We found Phase 3 clients going for a triple win of shareholder, customer and employee value. The secret here is the higher aspiration. Clients aim for and are getting multiple business benefits but are also producing unexpected returns — for example, discovering much better regulatory compliance, products moving quicker to market, enhanced customer journeys, and increased employee skills and recognition. Mars found that structuring an enterprise digital-transformation strategy, with a component of that strategy being automation, enabled much greater benefits for the organization. Nielsen recognized from the start in 2016 that the time was right for RPA, but that a solution was needed that integrated with various technical platforms, and existing and future cognitive tools. ADP began in late 2015 and quickly reached industrialized scaling through a process of optimization, standardization, automation and centralization. In time, RPA became much more closely linked with overall digital transformation. Impressive business benefits have flowed for clients, associates and shareholders alike. In 2016, Ericsson developed a thorough digital-transformation strategy, aiming to become a customer-centric, data-driven digital business. Following classic management practice, it gave the business actionable, specific stretch goals. These were to automate all repetitive tasks by 2021, produce \$56 million in cost savings by end of 2018, and to achieve automation maturity across all 20 main business units within the next few years.

Such strategic leaders focus on shareholder value, and get anywhere between 30% and 200% ROI in the first year. They also get multiple benefits, some unanticipated, ranging from hours back to the business, operational efficiencies, increased regulatory compliance, higher employee satisfaction, and better scalability, adaptability and workforce flexibility. But the really interesting payoff has been in customer value. While RPA has been perceived as just a back-office tool, RPA leaders like Mars, Nielsen and ADP have sought and gained enhanced customer journeys through, for example, improved service quality, removing pain points, faster delivery of existing services, improved service consistency, new services online quickly and around-the-clock availability.

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Deploying RPA with the customer in mind has become a route to strategic competitive advantage. But getting there requires six further attributes of strategic behavior, which we will touch on below.

#2 Culturally Embedded vs. ‘IT as Usual’

The longstanding finding on executive support for IT investments is generally reinforced by our RPA research — to be transformative, automation must have cultural adoption by the C-suite. This manifests itself in senior executive behavior. They sponsor and champion service automation. They see RPA as a strategic business project, and provide the requisite financial and human resources. They communicate clearly on automation, and ensure that governance and project structures are in place. They protect developments when they run into difficulties. A prime example in our case studies has been Xchanging (now DXC Technologies) where, in 2014, CEO Ken Lever promoted “putting technology at our core” as an annual report message. **Our most recent data on leading clients finds that 73% drive automation from a centralized Center of Excellence or top-down through a senior executive responsible for multiple business units.** In practice, it is difficult to scale and gain the really significant strategic benefits from RPA without top-down management, senior executive support, and centralizing resources, control and execution.

#3 Planning vs. Opportunism

In June 2016, the managing director and group head of performance excellence at BNY Mellon, Jon Theuerkauf, stated as one of his principles: “Begin with the end in mind.” More precisely, BNY Mellon planned for the midterm and long-term endpoints and recognized that the endpoint would be continually redefined. We have found this typical of clients with a strategic mindset.

During 2017, most leading users characterized the endpoint as establishing an RPA Center of Excellence (CofE), then an automation CofE focused on applying several technologies such as RPA, cognitive and analytics. By 2018, we found that 67% of leading clients were treating RPA as part of a larger automation or larger digital business strategy.

Reporting in March 2019, HFS Research found more representatively only 11% of all companies leveraging integrated solutions that combine the power of automation, analytics and AI. Leading companies like American Express, IBM, BNY Mellon, ING, Mars, Nielsen, Nordea and Siemens planned to start slow, then scale fast. They looked for a rich business value proposition. **Leading companies increasingly enhance RPA usage by adopting complementary cognitive technologies** — for example, at Zurich Insurance Group in the claim-validation process, and at KPMG in audit, business generation and risk-assurance validation processes. Such companies typically also plan carefully across the automation lifecycle — from strategy to maturity — to mitigate what we identified to be the 41 material risks likely to be encountered in any major automation program.

#4 Program Governance vs. Project Delivery

A common mistake has been to treat RPA as just another piece of software. This leads to limited governance arrangements. During 2018 and 2019, many clients found this inhibited both scaling and deploying RPA as a foundation for further service automation and digital transformation. Across sectors, leading RPA users take a different route. Siemens, Innogy SE and BNY Mellon, for example, see RPA as potentially more transformational. The constitution (rules of the game) for automation is formulated Day One, and covers decision-making and responsibilities for technology, process, data, business and resources. Some vendor companies also set out detailed operating frameworks that stipulate many enabling and policing rules. Some vendors also detail the vital role of the IT department in governance and making RPA function optimally. These governance features help, we think, to explain why leading clients are so positive about the scalability, adaptability, security, ease of learning and speed to deployment of their vendors' technical platforms.

#5 Platform vs. Tool

The need for governance comes from seeing RPA as a platform, rather than just another automation 'tool'. **Among leaders, RPA is utilized as part of a continuum of complementary automation and digital technologies supporting enterprise digital transformation.** We found leading clients also stressing the advantages of enterprise platform capabilities, citing in particular enterprise-wide scalability, low-coding requirement, strong security and design for enterprise integration.

By early 2019, technology providers had already become more sophisticated about moving from selling automation tools to providing integrated automation platforms. Throughout 2019, this remained very much a work in progress, but it proceeded at a fast pace. There were four pincer movements closing in on making this concept. The first involved the RPA players themselves, seeking to extend their range and attractiveness by building data management and cognitive capabilities for which RPA was a platform. In 2019, we saw them doing this by partnering, acquiring and/or offering integrated platforms. Meanwhile, systems integrators have been looking to orchestrate RPA, analytics, cognitive and more advanced forms of AI. At the same time, analytics and cognitive/AI firms have been building RPA capabilities as complementary to their own technologies. A fourth stream has seen enterprise software producers integrating RPA, cognitive and AI into their platforms. This complicates choice immensely for client firms and providers alike. Understanding and participating in how this plays out will demand a much more strategic approach to RPA and automation.

#6 Change Management vs. Silo Tolerance

Most organizations are heavily siloed. When we look at the slow pace of RPA and cognitive automation in many organizations, we find it correlates with the existence of multiple siloes, including structure, functions (e.g., HR, procurement, finance, etc.), process, data, technology, skills, culture and management mindsets. Throughout 2019, as RPA adopters increasingly scaled to reap more benefits, we found them encountering major challenges on change management.

Among leading clients, senior executives tend to recognize the transformation potential of RPA early on and explicitly manage the change implications for data, technology, people, processes and structures. Siemens provides us with one example of bringing these and our other points together. For its shared services, Siemens established a global RPA CofE in mid-2017 to define a global approach. It looked to integrate RPA with the business process/management/operations platform and enterprise platform globally.

Critical success factors included:

- Integrating RPA into a broader automation
- Alignment with process
- C-level support with risk capital
- Process optimization being combined with RPA
- Partnering with IT and external
- Clear governance and operating model
- Centralized framework for IT architecture and infrastructure
- Stakeholder communications
- Change management

Leading clients have found it particularly important to get early stakeholder buy-in — from business operations managers, IT, employees and senior executives. This, we find, involves fully resourcing change-management capability and messaging the purpose and value of RPA to staff. It must also include ensuring that strategic alignment, new competencies and changes are institutionalized and embedded in work practices. The key issue is communicating clearly, honestly and early what is likely to happen to jobs as this is a real issue for employees.

#7 Measurement: ROI vs. TCO vs. TVO

Finally, there's room for improvement even for the RPA leaders. The evaluation of IT investments has always been problematic. At the same time, getting the right measurement system has been a major key to driving business value. In the past, organizations have tended to not fully investigate risk and potential costs, understate knock-on cost of operations and maintenance, and not properly account for rising human and organizational costs. Typically, we found that organizations using traditional ROI cost/benefit analysis understated real costs, which frequently exceeded technical costs by 300%–400%. Our evidence is that many RPA users are committing the same mistakes.

Understating costs can stunt management's aspirations on benefits. And indeed, the real limitation in RPA assessment so far has been in establishing benefits. **We are finding that even leading companies still utilize quite traditional metrics and are missing much potential business value, including in the area of improving customer experiences.** We, with Knowledge Capital Partners, have invented a new measure called *Total Value of Ownership (TVO)* to ensure the business cases for service automation are driven by (1) total costs, (2) multiple expected business benefits and (3) the strategic returns from future business and technical options made possible by automation. The benefits side consists of three Es: efficiency, effectiveness and enablement. The really interesting area where massive potential business value resides is in the enablement area. Building an automation platform leads to so many more business possibilities, whether it is new products, services, lines of business, new combinations of technologies, differentiated customer experiences, or better analytics resulting in superior intelligence on operations, markets and customers. We document the TVO measure in our new book and in several articles.

In summary, these seven practices together add up to becoming strategic with RPA — the single most influential key management practice of leading clients with superior business outcomes.

Leslie Willcocks, John Hindle and Mary Lacity are co-authors of *Becoming Strategic With Robotic Process Automation*, published by SB Publishing in October 2019, and available from www.sbpublishing.org.

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Dr. Leslie Willcocks has a global reputation for his work in robotic process automation, AI, cognitive automation, the future of work, digital innovation outsourcing, global management strategy, organizational change, IT management and managing digital business. Leslie is Professor in Technology Work and Globalization at London School of Economics and Political Science; Associate Fellow at Green Templeton College, Oxford; and Editor of the Journal of Information Technology. He is a regular keynote speaker at international conferences and advises major corporations and government institutions.

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Dr. John Hindle is a Founder and Managing Partner of [Knowledge Capital Partners](#). He currently serves as Vice Chair of the IEEE P2755 Intelligent Process Automation Working Group, a multilateral standards initiative for this emerging industry. With more than 35 years' international experience as a senior marketing executive and adviser, John holds a doctoral degree from Vanderbilt University and has held adjunct professorships in Human and Organizational Development with Vanderbilt, and International Marketing with New York University in London.

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Dr. Mary C. Lacity is Walton Professor of Information Systems and Director of the Blockchain Center of Excellence in the Sam M. Walton College of Business at the University of Arkansas. Mary's recent research focuses on improving business services using robotic process automation (RPA), cognitive automation (CA) and blockchain technologies. She has conducted case studies and surveys of hundreds of organizations on their adoption journeys, has given keynote speeches and executive seminars worldwide, and has served as an expert witness for the U.S. Congress.

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